

Building a Better America

**The Achievements of the
Committee on Commerce
105th Congress**



**United States House of Representatives
Committee on Commerce
Tom Bliley, Chairman
October 14, 1998**

TABLE OF CONTENTS

Message from the Chairman	3
Telecommunications	4
Commerce	10
Trade	12
Finance	13
Health	17
Environment	23
Energy	27
Public Laws	30
Commerce Committee Action	31



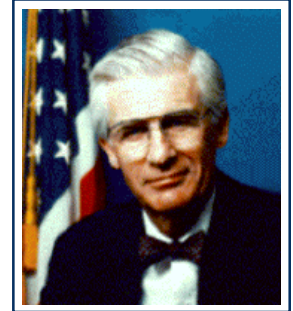
THE HOUSE COMMITTEE ON COMMERCE

The Committee on Commerce, which recently celebrated its bicentennial, is the oldest standing committee of the U.S. House of Representatives. The Committee oversees sectors of the economy spanning energy, commerce, insurance, international trade, securities, and telecommunications. The Committee also serves as the primary guardian of the nation's health through its efforts to protect the environment and the safety of the nation's food and water supplies. The Committee and its Members are dedicated to the proposition that the public is best protected and served by a free market subject to careful and rigorous oversight ensuring opportunities for all Americans.

A MESSAGE FROM THE CHAIRMAN OF THE HOUSE COMMERCE COMMITTEE

Dear Colleague,

As we approach the conclusion of the second session of the 105th Congress, I thought you would be interested in the many accomplishments of the Commerce Committee. With jurisdiction over the “engines” of our economy, (technology, energy, health care, financial institutions, and telecommunications), the Committee serves as a driving force for initiatives reaching into the twenty-first century. From long distance phone rates to electronic commerce, from stock market discipline to improving our nation’s breast cancer prevention practices and environmental programs, the record shows that the Committee produces results for American consumers, for families, and for community institutions such as libraries, hospitals and law enforcement organizations.



I am proud of the work the Committee has done. I believe Members of the Committee have advanced the best in federal government objectives: to get the best “bang” for the taxpayer’s buck, to eliminate government waste and inefficiency, to remove impediments to consumer choices and to expand markets through competition and fair dealing. Whether our goal was to clean up toxic waste or to streamline approval of life-saving medical technologies; to provide an easier-to-understand phone bill or a more informative quarterly statement, this Committee has met the challenge and forged ahead for American consumers. The accomplishments summarized in this booklet touch the lives of every American who is saving for retirement, whose children “surf the net,” or whose community relies on clean drinking water sources and reliable electricity supplies.

Our work continues. Some of the entries in this booklet mark the early successes of long-range projects. The advent of electronic commerce, the early stages of retail competition in electricity — these achievements commit our Members to dedicate even more attention to these topics in the 106th Congress. I believe when the next Congress begins, we will build on the achievements of today. Future work of the Committee to foster new markets, to make safer and more secure electronic transactions and to establish new opportunities in health care — all this will be built on the achievements summarized here. I believe the Committee has done well in the 105th. It is with pride and gratitude that I convey this summary of our achievements.

Sincerely,

A handwritten signature in blue ink that reads "Tom Bliley".

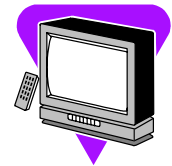
Tom Bliley
Chairman



TELECOMMUNICATIONS

SATELLITE COMPETITION: BETTER COMMUNICATION SERVICES FOR CONSUMERS AT LOWER RATES

The Committee developed legislation to sweep aside barriers to American satellite companies erected by two intergovernmental organizations that dominate international satellite communications services. The Communications Satellite Competition and Privatization Act of 1998, introduced by Chairman Bliley, will help consumers through lower international telecommunications rates, and will help businesses and workers through new opportunities to compete in international satellite services markets. This bipartisan legislation passed the House by a vote of 403-16.



This bill will privatize two U.N.-like international agencies and reduce barriers to competition for American satellite companies. A study by the major users of satellite services predicted the Bliley bill would save U.S. consumers \$2.9 billion dollars and taxpayers \$686 million dollars over 10 years.

INTERNET TAX MORATORIUM

Electronic commerce is the newest, fastest-growing form of interstate and foreign commerce. Because of convenience, speed, quick price comparisons, and selection, among other things, the Internet has already served as the shopping mall of choice for millions of consumer purchases. It is important that regulations or government not impede its growth without great reason.

State and local taxation of electronic commerce has grown as the commercial activity has grown. At least 12 States have taxed Internet-related activities, all in an inconsistent and potentially burdensome manner. Businesses identify tax uncertainties as one of the single most significant impediment to electronic commerce in the United States.

The Commerce Committee passed a bill to ensure that any future Internet tax mechanisms are fair and kept to a minimum by:

- preventing State and Federal regulation of prices charged to consumers

over the Internet

- barring special Internet taxes, and multiple and discriminatory taxes on electronic commerce
- requiring a study of State and local Internet taxation to prevent interstate commerce burdens
- setting a three-year moratorium on taxing certain Internet commerce.

PROTECTING CHILDREN FROM SEXUALLY EXPLICIT MATERIAL

When the Supreme Court struck down a federal law banning pornography on the Internet citing free speech grounds (*Reno v. ACLU*, 117 S. Ct. 2329 (1997)), the Committee on Commerce responded by passing H.R. 3783, the Children's On-Line Protection Act. This bill was carefully crafted to strike the appropriate balance between preserving the First Amendment rights of adults and protecting children from harmful material on the World Wide Web. A person violating the bill could be subject to criminal and civil penalties.



The Internet is one of the most exciting and important technological resources ever developed, and we are only beginning to appreciate its value as an educational tool. Parents should not have to worry about introducing their children to the Internet for fear of exposing them to pornographic material.

PROTECTING THE ONLINE PRIVACY RIGHTS OF CHILDREN

As part of the Children's On-Line Protection Act., the House of Representatives agreed that marketers on the Internet should not be gathering information from kids. Gathering information such as name, address, or social security number can be dangerous for both parents and their children.

ENCRYPTION: BALANCING LAW ENFORCEMENT NEEDS AND U.S. EXPORT INTERESTS FOR COMPUTER CONFIDENTIALITY TECHNOLOGY

As commercially-available electronic encoding equipment like "encryption" products have improved over the years, law enforcement agencies like the FBI and the National Security Agency have become increasingly worried that criminals, international terrorists and unfriendly countries will be able to hide

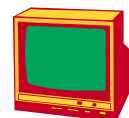


their activities behind unbreakable codes, both here and abroad. That is why the Reagan, Bush and Clinton Administrations all have prohibited the export of state-of-the-art encryption technology.

Other nations do not restrict encryption technology exports, so U.S. manufacturers argued the restrictions do not work well and hurt U.S. exports.

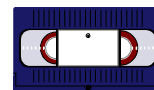
The Commerce Committee balanced law enforcement needs and export interests by crafting legislation to create an encryption research center that will give law enforcement agents the information they need to crack criminal rings, while at the same time allowing America's world-leading products to compete in foreign markets.

TV CHOICES FOR CONSUMERS



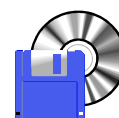
Satellite TV service has brought competition to the multichannel programming market where consumers have long had few choices. Over the long run, competition will help keep programming costs affordable for consumers. When a copyright royalty fee paid by satellite broadcasters threatened to increase the costs of satellite services for consumers, thus threatening competition, the Commerce Committee passed legislation to roll back the rate increases.

WIPO: STOPPING RIP-OFFS OF AMERICAN MUSIC, VIDEOS, AND OTHER COPYRIGHTED MATERIALS



Digital technology lets people store, send and receive information with virtually no quality degradation and at low cost. It also lets copyright pirates steal that information — including music, videos, literature, or other copyrighted materials — and make perfect copies with little chance of getting caught. As the world leader in audio and video entertainment, this hurts the United States more than any other nation.

The United Nations' World Intellectual Property Organization (WIPO) completed two treaties governing digital display and distribution of copyrighted material. The Commerce Committee made important changes to the implementing legislation to ensure that, while strong protections are afforded senders of copyright material, existing practices on the use of such material and unrelated practices are not harmed in the process. The bill has been sent to the President for his signature.



ENSURING WIRELESS COMMUNICATIONS PRIVACY



Cell phone calls can be intercepted by anyone who buys a relatively inexpensive wireless scanner. Callers never know they are being listened to. Newer digital phones have better security, but even digital calls could be overheard if digital scanners become available.

The Wireless Privacy Enhancement Act of 1998 is designed to enhance the privacy of users of cellular and other mobile communications services. Changes to current law are necessary to prohibit modification of currently available wireless scanners and to prevent the development of a market for new digital scanners capable of intercepting digital communications. These changes will serve to improve the privacy afforded wireless communications users and thus increase the comfort level with wireless communications devices.

The bill prevents the manufacturing of scanners that are capable of intercepting communications in frequencies allocated to new wireless communications; adds a prohibition on the modification of scanners; prohibits intentionally intercepting or divulging the content of radio communications; and increases penalties for people who violate the privacy laws.

ENDING “SLAMMING” TO PROTECT LONG DISTANCE CHOICE

The Telecommunications Competition and Consumer Protection Act of 1998 has two overarching purposes. First, the legislation enacts a deregulatory solution to the problem of “slamming,” which is the unauthorized changing of a consumer’s provider of telephone exchange service or telephone toll service. Second, the legislation promotes intense and efficient use of electromagnetic spectrum by resolving two matters that have been mired in regulatory and legal disputes for several years, thus denying consumers the benefit of additional competition in the commercial mobile services market. Consumers should benefit from the processes outlined in the bill to decrease the practice of slamming. Further, consumers should expect the spectrum management reforms contained in the bill will permit an increase in the number of wireless providers in markets throughout the United States.

PROMOTING LOCAL TELEPHONE COMPETITION

The Committee also devoted time and energy to overseeing the implementation of the Telecommunications Act of 1996. A number of important

issues developed as a result of the Telecom Act. Congress realized that, if properly implemented, the 1996 Act would give American telecommunications consumers lower prices, more choice, and better service. At the heart of the 1996 Act, and the basis for achieving Congress' goals, are the provisions designed to permit and foster competition in the market for local telephone service.

Since passage of the 1996 Act, the Commerce Committee has closely monitored the breadth and scope of the development of local telephone competition. As part of the Committee's oversight responsibilities, we have reviewed the decisions of the Federal Communications Commission, State and local regulatory authorities, the courts, and the actions taken in the private sector to determine whether the intent of Congress is being properly implemented. The information gained from the Committee's oversight has been extremely helpful and it is clear from the current data that local telephone competition, while occurring slower than some would like, is advancing at a significant pace in certain markets. The Committee has recently initiated a broad inquiry into the status of local telephone competition and barriers which are preventing its development. This inquiry included a series of letters to both the relevant government agencies and private sector parties, and will be helpful in advancing competition for local telephone service.

THE GORE TAX: UNCOVERING ADMINISTRATION EFFORTS TO HIDE "CLASSROOM CONNECTION" COSTS

The Committee has closely monitored the Federal Communications Commission's (FCC) implementation of the universal service provisions of the Telecommunications Act of 1996, especially its implementation of provisions providing discounts for schools and libraries for telecommunications service, also known as the "E-Rate" or "Gore Tax." The Committee has been highly critical of the FCC's implementation of these provisions to date because it has caused local telephone rates to rise. The Committee also has been critical of the overly-bureaucratic and costly approach designed by the FCC to implement these programs. In response to the Committee's effort, the FCC has scaled back the size and scope of the programs, but the current plan is still lacking, because these changes do not address the fundamental concerns expressed by Congress. Moreover, the Committee has uncovered information showing the Administration sought to hide from consumers the costs of the programs. The Committee plans to continue its oversight of the FCC on this matter until the FCC successfully implements the statute, as passed.

THE PORTALS CONTROVERSY: GOVERNMENT LEASES, POLITICAL INFLUENCE AND CAMPAIGN CONTRIBUTIONS

The Committee continues to investigate whether Vice President Gore's close associates paid and received unlawful fees for the use of political connections to get the government to sign a \$400 million lease to move the Federal Communications Commission (FCC) into a building known as the Portals. That building was developed by Franklin Haney, a Tennessean with close ties to Gore's family. Despite stonewalling and obstruction by Gore's associates, our investigation revealed that Haney made \$230,000 in donations to the Democratic party shortly after the government agreed to changes in the Portals lease that were beneficial to Haney. It also revealed that both Peter Knight (former campaign manager for the Clinton/Gore re-election campaign and a top Gore confidant) and James Sasser (former Senator from Gore's home state of Tennessee and current U.S. Ambassador to China) met with government officials on Haney's behalf. Both Knight and Sasser received a \$1 million payment from Portals developer Franklin Haney upon the closing of the Portals transaction. The Department of Justice and two agency inspectors general also are currently reviewing this matter to determine whether criminal or other violations have occurred.

COMMERCE

ELECTRONIC COMMERCE: HELPING CONSUMERS CATCH THE WAVE OF THE FUTURE

Electronic commerce or “e-commerce” — using the Internet to conduct business transactions — is having a major impact on the way business is conducted in America. The information technology sector has become a rapidly rising force in our nation’s economy. The total value of all e-commerce in 1996 was \$2.6 billion. By 2002, that figure is expected to explode to more than \$300 billion. Some 70 million Americans now use on-line services. More than 130 million are expected to be on-line in 2000. More than 7 million people are employed in this sector, which accounts for more than 8% of the nation’s total economy.



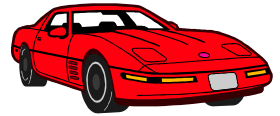
Major issues in e-commerce reviewed by the Commerce Committee over the course of 11 hearings in 1998 include protecting consumers from fraud when shopping on-line; ensuring the privacy of on-line users; providing better health care through telemedicine; and the safety and security of on-line financial transactions. The Committee highlighted the important role for government in ensuring the safety, security and privacy of all Americans in Internet transactions.

LIABILITY REFORM: EXPOSING ABUSIVE LAWSUIT PRACTICES, PROTECTING CONSUMERS FROM FRAUD

The Committee gathered information about abuses of the legal system and educated consumers about fraudulent practices with a series of oversight hearings. Topics included how lawyer fees are negotiated and the problems with class action suits and contingency fees, and the effect of litigation costs on the availability of life-saving medical devices. These hearings were related to continued work in conjunction with the Senate on broad scale product liability legislation which is still being perfected. The Committee successfully reported liability reform legislation to reduce litigation related to biomaterials supplies used in medical implants, to ensure consumer access to these life-saving devices, and to reduce health care costs. This legislation was enacted on August 13, 1998.



REDUCE FRAUD



The Committee examined how auto insurance fraud occurs and considered various proposals to reduce fraud and lower automobile insurance rates. In particular, the Committee examined various proposals to allow consumer choice of no-fault automobile insurance or to enact auto insurance liability reforms to reduce consumer auto insurance premiums.

PREVENTING AUTO THEFT AND FRAUD WITH SALVAGING RESTRICTIONS

Auto thieves and scam artists defraud consumers by exploiting the differences in State laws for titling and registering “salvage vehicles” — vehicles totaled in an accident. Criminals hide the history of vehicles so buyers unknowingly buy rebuilt wrecks, overpaying for used cars that may not be safe and may require extensive repairs. They also obtain duplicate titles and new vehicle identification numbers for stolen vehicles through a process called “title washing.” This is a problem not only for consumers, but also for law enforcement officials, dealers, and insurers.



Legislation developed through the Committee and passed by the House will stop these practices. The bill encourages States to participate in a program that establishes national definitions and standards for dealing with salvage vehicles, as a task force of national experts recommended.

IMPROVING AIR BAG SAFETY: NHTSA REAUTHORIZATION

More than 100 deaths have been attributed to air bag deployments since the National Highway Traffic Safety Administration (NHTSA) set air bag standards after Congress mandated driver- and passenger-side air bags in 1991. NHTSA is charged with reducing the 40,000 annual fatalities on the nation’s highways. The vast majority of air bag deaths were of children who were either not wearing seatbelts or were sitting too close to the air bag when it deployed.

NHTSA reauthorization was included in the Transportation Equity Act for the 21st Century. It included provisions designed to ensure that NHTSA doesn’t repeat past mistakes, but acts more prudently as it considers rules for the next generation of air bags, and protects children and women from the dangers of air bag deployments.

TRADE

INTERNATIONAL ANTI-BRIBERY AND FAIR COMPETITION ACT OF 1998

The Committee and the full House passed the International Anti-Bribery and Fair Competition Act of 1998 to stop bribery and unfair immunities from law that hurt the ability of American companies to compete for business overseas. The bill implements the Organization for Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and contains requirements added by the Committee to help make sure other nations fulfill their obligations. Leveling the playing field for America will create jobs for our workers and new contracts for our companies, strengthening the economy.



LOWERING RATES ON INTERNATIONAL PHONE CALLS

The Committee helped lower international phone rates for Americans by prodding the Federal Communications Commission and the Administration to break down foreign barriers to international communications services and to cut high mark-ups on international phone calls. The Committee also worked to expand market access through market-opening telecommunications accords. New rules were issued on international settlement rates. The result will be lower phone rates for people who call friends, relatives or business associates overseas.



FINANCE

DECIMAL STOCK PRICING: SAVING INVESTORS MONEY AND MODERNIZING THE MARKET

The Commerce Committee worked to change stock trading increments to a decimal system of simple dollars and cents. People pay in pennies, nickels and dimes everywhere else. There is no reason the stock market shouldn't charge people in the same way. Instead, the stock exchanges quote stock prices in eighths of a dollar, or 12.5 cent increments. This system can be traced to Spanish "pieces of eight." Traders also charge customers a fee based on the minimum increment. This outdated system makes stock prices difficult to understand and quickly calculate, stifles competition, and costs investors more than it should.



The Commerce Committee assembled the Common Sense Stock Pricing Act of 1997 to make Wall Street more understandable to Main Street. The legislation will reduce fees and promote small investor participation in the market. Subcommittee passage helped force the exchanges to *voluntarily* reduce their minimum trading increment by 100 % — to 1/16th of a dollar — with a pledge to move to decimal pricing before the end of the year 2000. Investors are already saving money as a result of our work.

HELPING INVESTORS WITH COMPARISON SHOPPING FOR MUTUAL FUNDS

The mutual fund industry is becoming the largest avenue for Americans to invest their money for retirement, but many investors do not know how much their retirement nest egg is affected by mutual fund fees. The Committee held a hearing to help educate investors and examine ways to promote a fair and competitive market. The Committee continues to explore mechanisms that will help investors maximize their investment returns to build a secure retirement.

FINANCIAL SERVICES MODERNIZATION FOR MORE ECONOMIC GROWTH AND COMPETITION



Financial products and services offered by different industries — like securities firms, banks, and insurance companies — have begun to converge. This presents complex questions about how to regulate these products and protect consumers.

Through financial services modernization legislation, the Committee worked to preserve consumer protections while improving consumer choices, creating jobs, and increasing the ability of American companies to compete internationally. The House passed the bill in 1998, the first time financial services modernization has ever gotten so far in the legislative process.

The legislation allows banks, securities firms, and insurance companies to affiliate with each other and diversify. This will provide consumers with a greater range of financial services without sacrificing important consumer protections. It increases consumer protections for financial products, allows greater oversight of financial megamergers, increases competition and consumer access to one-stop shopping with lower prices, and preempts anti-competitive government regulations and restrictions.

PRIVATIZING SOCIAL SECURITY: A BETTER RETIREMENT FOR RETIREES

Giving individuals the ability to make their own investment decisions will provide better results for the individual and the economy than any government program. The Committee held a hearing to assess the possible impact of various social security privatization plans on markets and on investors' retirement savings. Experts provided compelling testimony that privatization will tremendously expand the economy, as has happened in other countries with privatized systems. The dramatic growth of investor participation in 401(k) plans, IRAs, and mutual funds shows that taxpayers have the ability and desire to invest independently.

STOPPING FRIVOLOUS LAWSUITS ON STOCK PRICES

Congress enacted the bipartisan Private Securities Litigation Reform Act in 1995 to end meritless securities lawsuits in federal court. Unscrupulous lawyers

had been suing companies any time stock prices dropped because of a failure to meet earnings expectations. These frivolous lawsuits end up hurting shareholders, including small shareholders who may have limited financial resources. They also stunt economic growth.

The lawyers quickly found a way around the law, however, by bringing the same bad lawsuits to State courts. To shut down this harmful practice, the Committee and the Congress passed the Securities Litigation Uniform Standards Act of 1998, providing a uniform standard for States to apply the protections of the 1995 Act to all securities class action suits. The legislation was crafted to preserve the ability of individuals and municipalities to bring actions in state courts.

GREATER PRIVACY PROTECTION FOR CONSUMERS’ FINANCIAL INFORMATION

The Committee adopted the Financial Information Privacy Act of 1998 to enhance consumer privacy protections for financial information. This legislation would shut down “con” artists that use false pretenses to obtain people’s financial information. It protects consumer privacy by creating new and increasing existing civil and criminal penalties against entities that commit such fraud.

PROTECTING PROPERTY WITHOUT RESTRICTING ACCESS TO THE PUBLIC

The Committee passed the Digital Millennium Copyright Act to protect those who compile valuable information such as stock prices into databases from inappropriate and unauthorized use of that information. The legislation ensures public access to data relating to the stock markets. As on-line investing becomes increasingly popular, the Committee felt it vitally important to ensure that the public has ready access to stock quotes, both real-time and delayed. Access to such information will provide investors with the tools they need to participate fairly and successfully in the marketplace.

INVESTOR ACCESS VS. MARKET ABUSES

The Small Order Execution System provides individual investors with automatic execution of stock transactions of up to 1000 shares. The professional market makers obligated to fill these orders argue that this system has been

abused by skilled individual investors known as “day traders.” They say day traders use the system to profit from quick trades that market makers are obliged to fill, which prevents the “real investors” from getting their orders filled. In a hearing on the system’s effectiveness, the Committee found no clear and convincing evidence that the markets have been adversely affected. Recent rule changes and market developments will require the Committee to reevaluate whether individual investors continue to have sufficient access to the markets without harming liquidity.

STOCK MARKET TRADING HALTS

Large market downturns trigger occasional trading halts on the stock exchanges. But a premature shutdown of the market may be more disruptive than beneficial. Orders to buy and sell that are postponed until the following trading day have exacerbated negative market drops, hurting investors. The Committee worked with the SEC, industry, and the exchanges to alter the automatic trading halts to accurately reflect today’s market conditions and price levels and better protect the market.



SEC REAUTHORIZATION

The Securities and Exchange Commission (SEC) is charged with protecting investors and promoting competition, efficiency, and capital formation in the nation’s securities markets. With such important duties, it should be adequately funded. The Committee passed legislation to reauthorize the SEC and adequately fund this important agency.

HEALTH

THE PATIENT PROTECTION ACT: ENSURING ACCESS TO AFFORDABLE MEDICAL CARE

The Commerce Committee coordinated the efforts of the Speaker's Working Group on Quality Care, which assembled the Patient Protection Act, H.R. 4250. This legislation cleared the House with bipartisan support.



The Patient Protection Act establishes important new safeguards, including a process for swift medical appeals of health plan treatment coverage decisions. The Act also gives patients greater access to high quality health care. For example, it prohibits health plans from arbitrarily refusing to pay for emergency care and provides direct access to pediatricians, obstetricians, and gynecologists.

The Patient Protection Act also includes measures that will address the problems of our nation's 43 million uninsured by expanding access to more affordable coverage. Specifically, the Patient Protection Act enables employers to pool together in two types of voluntary choice markets — HealthMarts and Association Health Plans — so that they can obtain low cost and high quality coverage through the fully-insured and self-insured markets, respectively. The act also broadly expands medical savings accounts.

These initiatives expand workers' access to quality health coverage, services, and providers by reducing the cost of health care coverage through large group rates, risk adjustments, pooling of administrative burden, and permitting a limited preemption of costly State benefit mandates. The Patient Protection Act gives millions of working Americans and their families access to a vital ingredient in a high quality health care system — choice.

TOBACCO

In June 1997, several State attorneys general announced an agreement to settle lawsuits filed against the nation's largest cigarette manufacturers. The secretly negotiated proposed agreement would have required federal legislation before becoming effective.

The Committee thoroughly examined the proposed settlement and issues related to teen tobacco use, such as black market sales, tobacco industry advertising, public health and minority health issues, internal industry documents, and the impact on small businesses. Chairman Bliley also demanded that tobacco industry executives appear before the Committee under oath to answer Members' questions. In addition, the Committee subpoenaed and released to the public via the Internet approximately 40,000 secret tobacco industry documents. This is the first time such a timely and voluminous release of documents had ever been attempted.

MAKING HOME DRUG TESTING KITS AVAILABLE TO PARENTS



A Committee hearing on the Food and Drug Administration's (FDA) policy on home drug testing kits forced the agency to change its misguided policy in favor of parents. The FDA had opposed making home drug testing kits commercially available, based on concerns that parents might not interpret the results properly. In the end, parents won the ability to sleep easier at night knowing their children are healthy, and were empowered with the ability to learn about problems sooner.

HELPING TO SAVE WOMEN FROM BREAST CANCER

Commerce Committee Chairman Bliley led the drive to enact the Mammography Quality Standards Reauthorization Act of 1998. Presented for the President's signature on October 1, this legislation will assure the safety, accuracy, and overall quality of mammography services for women. This bill will help save lives by ensuring for the first time that all patients are directly notified of their mammogram results in terms they can understand.

LOOKING OUT FOR ASTHMA PATIENTS

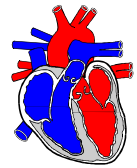
More than 30 million Americans suffering from asthma and other lung diseases use "metered-dose inhalers" to help them breathe. There is no universally accepted substitute for inhalers propelled by chlorofluorocarbons (CFCs). When the Food and Drug Administration threatened in 1997 to phase out use of these inhalers, the Committee held hearings to make sure the federal government put the interest of the patient first during any planned transition.

HELPING AMERICANS SURVIVE CANCER THROUGH BONE MARROW TRANSPLANTS

The Commerce Committee led the effort to reauthorize and improve the National Bone Marrow Donor Program. This program has already saved countless lives through finding tissue matches for Americans of every walk of life desperately needing a bone marrow transplant.

FIGHTING FOR FAIR ALLOCATION OF ORGAN TRANSPLANTS

The Commerce Committee coordinated the fight against the Clinton Administration's edict to reallocate organs from smaller transplantation centers to a few large centers. Medical data showed that this plan would lead to higher organ rejection rates, thus aggravating the national shortage of usable organs for transplants.



FIGHTING MEDICARE WASTE, FRAUD AND ABUSE

Through aggressive oversight, the Committee pressed the Health Care Financing Administration (HCFA) to give up its unexplained resistance to trying commercially-available, anti-fraud software to prevent improper Medicare payments before they occur. This software, if used nationally, will help save taxpayers tens of millions, and possibly hundreds of millions, of dollars each year by eliminating improper payments, according to testimony by both the General Accounting Office and HCFA before the Committee. HCFA recently signed a contract to begin implementation of such a system. The Committee also found that HCFA's efforts to stamp out waste by developing its own software system had itself been wasteful, with \$80 million spent to develop a state-of-the-art claims processing system that didn't work and had to be abandoned.

The Committee also has highlighted the continuing problems with fraud in the Medicare Home Health Program. We recently referred the questionable activities of one home health provider to the Department of Justice for further investigation, and brought attention to new sources of potential fraud in the overall Medicare program, such as Medicare's new benefit for Partial Hospitalization by Community Mental Health Centers. At a recent Committee hearing, the HCFA Inspector General revealed that this new benefit was the source of over \$200 million in improper payments in just one year — an unprecedented error rate of over 90 percent.

In addition, the Committee's oversight efforts in the area of improper payments to hospitals under the Medicare program helped to prevent the passage of proposed legislation that would have created unwarranted special protections from federal prosecution for certain healthcare providers. If passed, such legislation would have hampered prosecution of certain providers, cost taxpayers over \$2 billion during the next five years, and set a bad precedent in the fight against Medicare waste, fraud and abuse.

NIH EMBRYO RESEARCH

The Committee focused on management deficiencies at the National Institutes of Health (NIH) that had enabled an NIH researcher to divert a significant part of \$1.2 million in equipment to a site to conduct Congressionally-prohibited research on human embryos. As a result of a Committee hearing, the NIH took action to stop this from happening again.

SAFEGUARDING HOME HEALTH PROGRAMS

Restrictions from the Balanced Budget Act designed to rein in fraud in Medicare-funded home health programs jeopardized many legitimate home health agencies upon which patients rely. The Committee is currently working with the Administration to change the current payment system in order to ensure that good home health agencies do not go out of business and that their patients continue to get the needed services.

MAKING NEW TREATMENTS AVAILABLE SOONER FOR THE SERIOUSLY ILL AND EXPANDING ACCESS TO SAFE AND EFFECTIVE DRUGS, DEVICES, AND FOOD

America depends on safe and effective drugs, medical devices and foods. But the Food and Drug Administration (FDA), the federal agency charged with ensuring that these critical supplies are safe and effective, often appears ill-equipped to handle the challenge. It takes an estimated 12 years and costs \$3 million for the average new drug to go from the research lab to the store shelf. Medical devices take more than 2 years of review — four times longer than required by law. FDA is years behind in making a decision on meat irradiation, a risk-free treatment that can eradicate deadly pathogens like *e. coli* from America's beef supply.

The Food and Drug Administration Modernization Act of 1997 prepares the FDA for the nation's health care needs in the 21st century. It reauthorizes prescription drug fees that pay for additional staff who have helped dramatically cut new drug approval delays; cuts the backlog of medical device applications by allowing the FDA to hire contractors to take some approval steps; and sets a more sensible classification system for breakthrough devices. It also expands consumer access to important health and nutrition information, and requires FDA to complete action on a long-delayed petition for meat irradiation.

PRESERVING, PROTECTING, AND STRENGTHENING MEDICARE

The Medicare program's Trustees told Congress in 1996 that the program faced imminent bankruptcy, with the program going broke as early as 2001. The root problems are (1) the number of seniors continues to grow relative to the number of workers paying for the program; and (2) Medicare waste, fraud, and abuse, which the Department of Health and Human Services' Inspector General estimated at a staggering \$23 billion per year.

Medicare provisions in the Balanced Budget Act of 1997 avert Medicare's looming bankruptcy for at least another 10 years while assuring benefits for seniors can continue to rise — from \$5,560 per beneficiary in 1997 to an estimated \$7,030 in 2002. It also gives seniors greater health care options. The new Medicare+Choice program lets seniors choose options to complement traditional fee-for-service Medicare, like Medical Savings Accounts, provider sponsored organizations, private plans and managed care coverage, and preferred provider organizations. The provisions also expand preventive care coverage to include vital procedures like mammography screening, pap smears, prostate and other cancer screening, and diabetes self-management; will cut waste, fraud and abuse, with a "three-strikes and you're out" provision that banishes providers for life for defrauding the system; and create a Baby Boom Commission to help secure the financial future of the program.

MEDICAID RESTRUCTURING TO PREVENT WASTE, FRAUD AND ABUSE

Medicaid restructuring provisions contained in the Balanced Budget Act of 1997 remove bureaucratic obstacles to responsive, efficient delivery of services. Measures against waste, fraud and abuse were enacted and uncontrollable Medicaid costs have been brought within budget. States can now improve their

systems without permission from Washington and quality assurance tools are in place to protect seniors, disadvantaged individuals, and families for whom the program is intended. This law, in addition to removing numerous bureaucratic obstacles to a more responsive Medicaid program, makes it a crime to defraud the program.

PROTECTING CHILDREN'S HEALTH WITH S-CHIP

The General Accounting Office reported the shocking fact in 1996 that “35 percent of all uninsured children were eligible for Medicaid coverage that they did not receive.” Despite soaring spending, Medicaid has not been effectively serving those in need because of factors like federal mandates on States, the exorbitant costs for already-enrolled recipients, and a lack of flexibility for States to find and enroll children who need help. Thus, low-income children were not receiving the primary and preventive health care they need to maintain lifelong health.

To solve the problem, the Commerce Committee helped create the State Children's Health Insurance Program (S-CHIP) as part of the Balanced Budget Act of 1997. S-CHIP gives States the flexibility and resources to provide children with benefits using the State Medicaid program or by providing health coverage in any manner that meets the requirements of the S-CHIP program, or both. States may even invest the funds to subsidize the cost of dependent care coverage for children of former welfare recipients to help the transition from welfare to work. S-CHIP helps ensure that children who are eligible can receive the health care they need.

ENVIRONMENT

CUTTING AIR POLLUTION FROM CARS: CMAQ AIR QUALITY PROJECTS

During reauthorization of the federal transportation funding program, the Health and Environment Subcommittee conducted a hearing on the Congestion Mitigation and Air Quality (“CMAQ”) improvement program. The Committee has jurisdiction over this important program that funds State and local air pollution control projects. Participation by Commerce Committee Members in the 1998 transportation bill ensured that States will have \$8.1 billion for projects that clean our nation’s air.



BORDER SMOG REDUCTION ACT

In 1997 at the San Ysidro crossing of the U.S./Mexico border, Members of the Committee observed firsthand thousands of high-polluting foreign-registered cars commuting daily into the United States. Not even subject to the most basic inspection and maintenance requirements, these cars drove alongside California cars, subject to some of the strictest pollution control measures in the world. In 1998, Congress approved legislation to protect our air quality by denying entry to certain foreign-registered cars unless they received proper inspection. This measure was sent to the President’s desk in October 1998.

PROTECTING GROUNDWATER FROM LEAKING UNDERGROUND TANKS

Gasoline pollutes more groundwater in the United States than any other contaminant. Much of it comes from underground tanks. At Congress’ direction, EPA several years ago wrote new underground tank standards to stop groundwater contamination. These standards take effect at the end of 1998. To make sure people comply, and to make sure our groundwater is protected, the Committee passed the Leaking Underground Storage Tank Amendments Act of 1998. The bill gives States, who do most of the enforcement work, more flexibility to aim financial resources at the biggest tank problems. It also guarantees that at least 80 percent of federal dollars for leaking tanks go to the States, rather than paying for more bureaucrats in Washington.

ENCOURAGING CLEANUP AND REDEVELOPMENT OF CONTAMINATED SITES

Environmental liabilities are preventing lightly contaminated “brownfields” sites from being cleaned up and put back to productive use. States have worked to encourage brownfields cleanup and redevelopment by making agreements with the EPA to limit federal enforcement, especially where parties voluntarily agree to clean up sites they didn’t pollute. Troubling guidance issued by the EPA would have reduced the effectiveness of these State agreements, slowing cleanups. Commerce Committee opposition to the guidance helped spur EPA to retract its position.

FORCING IMPROVEMENTS IN EPA’S AIR POLLUTION STANDARDS

After EPA proposed new air quality standards for ozone and particulate matter in 1997, the Committee held a series of hearings to explore the basis for these proposals and, in the process, uncovered evidence that EPA’s researchers refused to give independent scientists access to the data underlying the key health studies EPA used to support its rule. The Committee also learned that EPA had ignored serious objections to these proposals from other federal agencies and officials, many of whom questioned the science underlying these new standards and feared the negative impact they would have on the nation’s economy, agricultural community, and national defense. The Committee also heard from State and local officials, who testified that EPA’s proposed implementation schedule for the new standards was unworkable and would create costly problems for States. With pressure mounting in Congress, the President on July 16, 1997 issued a directive to EPA requiring it to use an alternate, less burdensome implementation schedule for the new standards. The Committee later drafted legislative language, enacted as part of the federal highway bill, to give EPA the necessary authority to implement this alternative plan.

REFORMING SUPERFUND TO SPEED UP CLEANUPS, AND STOP BUREAUCRATIC WASTE AND DELAYS

Through continued efforts to reform Superfund, our toxic waste cleanup law, the Committee introduced bipartisan legislation and uncovered further disturbing evidence of this federal environmental program’s inefficiency and waste. Among the highlights of our oversight efforts:



- Superfund cleanups now take longer than ever — an average of 11.5 years.
- Only 206 of the 406 sites identified as national priorities on the first-ever Superfund list in 1983 have all cleanup construction complete today.
- Only 33 percent of Superfund dollars appropriated to EPA go to actual cleanup.

The Committee also discovered that EPA Region V spent \$1.6 million in Superfund enforcement dollars in the waning days of fiscal year 1997 on computers, audio-visual equipment and other electronics equipment. EPA employees called this buying binge the “Christmas in September FY97 Enforcement Dollars Spending Spree!” This money was supposed to be spent securing cleanup. At least 14 sites and the lives of 250,000 children could have been improved had this money been spent to secure cleanup.

PREVENTING PUBLICATION OF BLUEPRINTS FOR TERRORISM

Next year EPA wants to put “worst case scenario” accident information on the Internet from 66,000 manufacturing and other plants on U.S. soil. EPA claims that the Internet is the best place for this sensitive information. The FBI has objected, along with other federal and State law enforcement agencies, saying that Internet publication of this kind of information would make it easier for terrorists to attack American targets. Chairman Bliley wrote FBI Director Louis Freeh on September 17, 1998 about the FBI’s concerns. The Committee will continue to review EPA’s actions to make sure public safety comes first. Terrorists do not have a “right to know.”



ENVIRONMENTAL SELF-AUDITS: CORRECTING ENVIRONMENTAL PROBLEMS FASTER

When companies review their environmental compliance, they sometimes find problems. Often they are not required to report them to the government, but 22 States have enacted laws to give some relief from environmental penalties if companies voluntarily report these problems so the environment can be cleaned up more quickly. Under the guise of “reinventing government,” the Clinton Administration has been threatening to take over State environmental programs in States where these “self-audit” laws have been enacted. The Committee heard from witnesses who revealed EPA actions that hinder States’ attempts to achieve significant pollution reductions. The Committee continues to

review EPA's conduct in the hope that congressional oversight will lead to a better environmental partnership between States and the federal government, and a cleaner environment.

GLOBAL WARMING

The Committee challenged the Clinton Administration to back up its Kyoto Protocol global warming proposals with good science and fair, realistic objectives. The Committee forced the release of internal Administration documents showing the true cost range of implementing its climate proposals. The Committee will assure that U.S. climate change policies are realistic and achievable and do not undermine our economy or trade competitiveness. Any international climate agreement into which the U.S. enters should require meaningful participation by all countries, including developing nations.

SAFE DRINKING WATER

The Committee followed-up its successful enactment of the 1996 Safe Drinking Water Act Amendments with a hearing to review EPA implementation activities under the new law. To date, over \$12 billion has been provided to States under the state revolving fund approved as part of the 1996 legislation.



ENERGY

CUTTING FEDERAL ENERGY BILLS

The Committee improved the energy efficiency of Federal legislative and judicial buildings, with big savings for taxpayers. Annual savings at the Government Printing Office alone are projected at \$500,000. Energy efficiency improvements will cut those energy bills — which are paid by taxpayers — by \$3 billion.

HELPING LOW-INCOME CONSUMERS PAY ENERGY BILLS

The Committee passed a bill to help seniors and families with children pay their energy bills by reauthorizing the Weatherization Assistance Program. 60,000 to 70,000 households per year get help installing insulation, caulking, storm windows and other energy saving measures.

HELPING THE ENVIRONMENT BY ENSURING SAFE DISPOSAL OF RADIOACTIVE WASTES

Public Law 105-236 paves the way for the State of Texas to develop a facility for the safe disposal of low-level radioactive waste. This will ensure that wastes currently stored on-site at hospitals, universities, businesses and industries using radioactive materials will be disposed of in a controlled, responsible manner.

The Committee also approved legislation (H.R. 1270), later passed by the full House, to revamp the Nation's law for high-level radioactive waste disposal – a big step ahead for safe disposal nationwide.

PROMOTING CONSUMER CHOICE IN ELECTRICITY

The Commerce Committee has kept pressure on States to give consumers a choice in electricity suppliers. While a consensus that Federal electric restructuring legislation is necessary over the next two years, consumers should benefit from the savings available now. Today, 18 States with half the country's population have taken legislative and regulatory action to give consumers choice in their electricity supplier and to save money



on their electricity bills. The Committee's work on this issue has helped advance the debate nationwide.



SAVING THE STRATEGIC PETROLEUM RESERVE

Legislation passed by the Committee amending the Energy Policy and Conservation Act (EPCA) assures the President's authority to draw down the Strategic Petroleum Reserve in an energy emergency. The legislation also preserves and expands the ability of U.S. oil companies to participate in the International Energy Agreement without violating antitrust laws. This protects all Americans from the price variations of a disruption in oil markets. The Strategic Petroleum Reserve gives the U.S. the time it needs to adjust to an energy emergency. Participation by U.S. oil companies with the International Energy Agency can also help reduce the potentially devastating impacts of an international oil shortage.

ENERGY SECURITY FOR THE FUTURE

The Committee has focused attention on the new millennium through an examination of our future energy security. Conservation and energy efficiency help the nation make better use of fossil fuels. Development of alternative energy sources, such as solar and renewables, helps shift the burden of energy use away from petroleum products. Improvements in the use of electricity generation and the use of nuclear power reduce the emission of so called "greenhouse gases" and smog into the atmosphere.

FIGHTING DEPARTMENT OF ENERGY WASTE TO REDUCE COSTS AND SPEED CLEANUPS

DOE's nuclear waste complex puts public health at risk across America. Cleaning up DOE's contaminated sites could take decades and cost hundreds of billions of dollars. Committee scrutiny of DOE's cleanup efforts revealed serious mismanagement, like the \$700 million in cost overruns on the Spent Nuclear Fuel project at DOE's Hanford, Washington site, and the failed cleanup of buried radioactive waste in Pit 9 at DOE's national laboratory near Idaho Falls, Idaho. The Committee also helped expose DOE's largely unsuccessful program to develop and use innovative environmental cleanup technologies — a program that with proper implementation could accelerate cleanups and save taxpayers billions. DOE has responded to each of the Committee's efforts with reforms

that should save money while better protecting the environment and those living near these sites.

DOE FUNDING OF MOLTEN METAL TECHNOLOGY: FEDERAL GRANTS, POLITICAL INFLUENCE, AND CAMPAIGN CONTRIBUTIONS

As part of its larger effort reviewing the activities of the Department of Energy's technology development office, the Committee examined the possible relationship between continued funding of Molten Metal Technology's (MMT) experimental technology, and the political influence of MMT lobbyist Peter Knight within the Clinton/Gore Administration. Our investigation revealed that DOE competitively awarded MMT a small \$1 million grant, only to accelerate the funding nine-fold after Mr. Knight and DOE political officials intervened in the process. MMT continued to receive further funding extensions despite significant technical difficulties and a lack of recommendations by career staff. In some cases, these extensions occurred over the objections of DOE career technical staff — who had urged cessation of funding on two occasions — and each major contract extension bypassed normal DOE budgetary and management processes. The Committee also learned that MMT made political contributions to the Democratic party, the Clinton/Gore campaign, or other Gore-affiliated organizations that were closely timed with virtually every significant contract extension MMT received from DOE.

This series of hearings helped force internal reforms in the way the Department of Energy's Office of Science and Technology grants and reviews its technology development contracts.

PUBLIC LAWS

(As of September 28, 1998)

Bill Number	Public Law	Description
S. 410	105-8	Extends the effective date of the Investment Advisers Supervision Coordination Act.
H.R. 1003	105-12	Assisted Suicide Funding Restriction Act of 1997.
H.R. 1001	105-13	Extends appointments of members of the Prospective Payment Assessment Commission and the Physician Payment Review Commission.
H.R. 968	105-15	Permits a waiver of the prohibition of offering nurse aide training and competency evaluation programs in certain nursing facilities.
H.R. 956	105-20	Drug-Free Communities Act of 1997.
H.R. 363	105-23	Extends the Electric and Magnetic Fields Research and Public Information Dissemination Program.
H.R. 649	105-28	Department of Energy Standardization Act of 1997.
H.R. 2018	105-31	Temporarily waives the Medicaid enrollment composition rule for the Better Health Plan of Amherst, New York.
H.R. 2015	105-33	Balanced Budget Act of 1997 (includes provisions on telecommunications and spectrum auctions; the Strategic Petroleum Reserve; and Medicare reform, Medicaid restructuring and establishment of the State Children's Health Insurance Program.
H.R. 2014	105-34	Taxpayer Relief Act of 1997 (includes provisions clarifying the diabetes provisions in the State Children's Health Insurance Program).
H.R. 1585	105-41	Stamp Out Breast Cancer Act.
H.R. 408	105-42	International Dolphin Conservation Program Act.
H.R. 2264	105-78	HHS Appropriations Act for FY1998 (includes provisions relating to Parkinson's Disease and relocation of Gillis W. Long Hansen's Disease Center.
H.R. 1119	105-85	National Defense Authorization Act for FY1998 (includes provisions relating to energy issues, telecommunications issues, health issues, and cleanup of hazardous materials).
H.R. 867	105-89	Adoption and Safe Families Act of 1997.
S. 830	105-115	Food and Drug Modernization Act of 1997.
S. 1354	105-125	Amends the Communications Act of 1934.
S. 419	105-168	Birth Defects Prevention Act of 1998.
H.R. 2472	105-177	Extends programs under the Energy Policy and Conservation Act.
H.R. 2400	105-178	Transportation Equity Act for the 21 st Century.
H.R. 651	105-189	Extend the Deadline under the Federal Power Act for the construction of a hydroelectric project located in the State of Washington.
H.R. 652	105-190	Extend the Deadline under the Federal Power Act for the construction of a hydroelectric project located in the State of Washington.
H.R. 848	105-191	Extend the Deadline under the Federal Power Act for the construction of a AuSable hydroelectric project located in the State of New York.
H.R. 1184	105-192	Extend the Deadline under the Federal Power Act for the construction of a Bear Creek hydroelectric project located in the State of Washington.
H.R. 1217	105-193	Extend the Deadline under the Federal Power Act for the construction of a hydroelectric project located in the State of Washington.
H.R. 2202	105-196	National Bone Marrow Registry Reauthorization Act of 1998.
S. 2316	105-204	Secretary of Energy to submit to Congress a plan to ensure that all amounts accrued on the books of the United States Enrichment Corporation for the disposition of depleted uranium hexafluoride will be used to treat and recycle depleted uranium hexafluoride.
H.R. 2676	105-206	Internal Revenue Service Restructuring and Reform Act of 1998.
H.R. 2165	105-211	Extend the Deadline under the Federal Power Act applicable to the construction of FERC Project Number 3862 in the State of Iowa.
H.R. 2217	105-212	Extend the Deadline under the Federal Power Act applicable to the construction of FERC Project Number 9248 in the State of Colorado.
H.R. 2841	105-213	To extend the time required for the construction of a hydroelectric project.
H.R. 872	105-230	Biomaterials Access Assurance Act of 1998.
H.R. 3824	105-234	Fastener Quality Act to exempt from its coverage certain fasteners approved by the Federal Aviation Administration for use in aircraft.
H.R. 629	105-236	Texas Low-Level Radioactive Waste Disposal Compact Consent Act.

COMMERCE COMMITTEE ACTION

HEARINGS HELD 180

Full Committee	6
Energy and Power Subcommittee	29
Finance and Hazardous Materials Subcommittee	26
Health and Environment Subcommittee	41
Telecommunications, Trade and Consumer Protection Subcommittee	36
Oversight and Investigations Subcommittee	42

REPORTS FILED 61

PUBLIC LAWS/AWAITING PRESIDENTIAL APPROVAL 47

(includes legislation containing provisions within the Committee's jurisdiction)



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**The House Committee on Commerce
2125 Rayburn House Office Building
Washington, D.C. 20515
202/225-2927
commerce@mail.house.gov**

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